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## INTRODUCTORY

By L. S. ROWE

THERE is evidence on all sides that production in the United States has been very seriously undermined. There is evidence that the actual efficiency of labor has been unfavorably affected, and there is further evidence, glaring to every observer, that combined with that diminished production there is a demand not only for the necessities of life but also for luxuries, which is rapidly placing the country in a position of real industrial and economic danger. Unless the American people can be brought to a clearer appreciation of the importance of limiting their consumption, unless this wild scramble for goods of all kinds at whatever price, no matter how high, can be curbed, we will drift slowly but surely toward an industrial crisis which is going to bring the country into a long period of industrial depression, combined with much suffering.

The attempt on the part of the Federal Reserve Board of the United States and on the part of the Federal Reserve Banks to bring our credit situation into a somewhat more healthy condition has not as yet been successful, and there is real danger that if the Federal Reserve Board draws the reins very much tighter we will have a

financial crash. In other words, our credit structure has become so inflated, has become top heavy to such an extent, that it is now exceedingly dangerous for the Federal Reserve Board to take any drastic measures, because in endeavoring to bring about deflation they may bring down the entire financial structure.

With the constantly increasing individual consumption in the country, we are bound to see continued advancing prices, and with advancing prices we are certain to face increasing industrial unrest. It seems, therefore, that unless the public opinion of the country can be quickly enlightened we will be traveling a vicious circle, which will carry with it ultimate disaster.

I am inclined to doubt whether we can have anything approaching industrial stability at a time of inflation such as that in which we are living. A period of inflation is always accompanied by profound industrial unrest, and until it is possible, through the action of the government and the coöperation of the people of the United States, to remedy the present unhealthy condition of our domestic credit situation, I doubt whether any remedy will carry us very far toward real industrial stability.